An objective loading criteria was approved by the JMC of the OIFP for bringing the unevaluated bids on par for the purpose of evalulation. After loading the unevaluated bids of Snam and Uhde for the deviations from the conditions laid down in the Notice Inviting Tender, the lowest evaluated bidder, Snam, was declared by the JMC as the Preferred Bidder.

(b) No such contract has been awarded to any company.

Abandonment of NP/CAN project at Hazira by KRIBHCO

1108. SHRI DIPANKAR MUKHERJEE: Will the Minister of CHEMICALS AND FERTILIZERS be pleased to refer to the reply to Starred Question 588 given in the Rajya Sabha on the 16th May, 1997 and state:

(a) whether in the 16th Annual report of KRIBHCO presented on the 31st July, 1996, it was reported that PIB has recommended the project to CCEA for approval;

(b) whether after recommending the project to CCEA and after getting two stage clearance from PIB, the Board of Directors could reassess the project parameters; and

(c) if so, the compelling reasons and parameters which got altered between August, 1996 and November, 1996 when the project was decided to be dropped?

THE MINISTER OF CHEMICALS AND FERTILIZERS (SHRI M. ARUNACHALAM): (a) Yes, Sir.

(b) The Board can reassess the project parameters at any stage.

(c) The decision to drop the proposal was taken due to downward revision of Internal Rate of Return of the project in the context of adverse evolution of the project parameters as detailed below:—

(i) The required surplus of 540 Tonnes per day of ammonia for the NP/CAN project was not likely to materialise even after completion of retrofit measures of the ammonia plants;

(ii) Against the assumed transfer price of Rs. 3572 per MT for the ammonia to be consumed by the project, the average realisation from bulk sales by KRIBHCO during November, 1996 was around Rs. 7000 to Rs. 7100 per MT. The realisation from retail sales was around Rs. 10000 per MT. Thus, there was a relative advantage in the sale of merchant ammonia;

(iii) The Gujarat Maritime Board indicated that dedicated port facilities for unloading imported roack phosphate at Hazira would not be available. Handling of rock phosphate at any distant port would result in higher handling and transportation costs;

(iv) The transfer price of ammonia and cost of production of NP and CAN was likely to go up in view of the expected increase in the price of natural gas.

(v) The project cost went up substantially due to various factors, including escalation in software fees and cost of proprietory items.

Revival of Smith Stanistreet Pharmaceuticals Limited

1109. SHRI NILOTPAL BASU: Will the Minister of CHEMICALS AND FERTILIZERS be pleased to refer to Unstarred Question 2128 given in the Rajya Sabha on the 14th March, 1997 and state:

(a) whether the company submitted before BIFR that working capital had not been provided by Indian Overseas Bank upto June, 1995;

(b) whether the Ministry had requested Indian Overseas Bank in January '97 for expeditious release of working capital in accordance with revival scheme;

(c) whether in view of the above, there was a shortfall in reaching the target set for the scheme;

(d) if so, action taken by Government during the revival scheme to arrange the necessary working capital; and

(e) the status of the revised projection plan after the review meeting of BIFR in July, 1996?

THE MINISTER OF CHEMICALS AND FERTILIZERS (SHRI M. ARUNACHALAM): (a) Yes, Sir. SSPL did not receive any cash credit facilities upto June, 1995. The Indian Overseas Bank (IOB) released cash credit assistance of Rs. 127 lakhs in three instalments, one of Rs. 49 lakhs in September, 1995, Rs. 53 lakhs in February, 1996 and Rs. 25 lakhs in March, 1996.

(b) Yes, Sir.

(c) and (d) The company has been facing working capital constraints. However, the Government had, during the years 1994-95 to 1996-97, provided a total financial assistance of Rs. 12.23 crores, including non-plan assitance of Rs. 9.73 crores, as against Rs. 5.64 crores envisaged in the sanctioned revival package.

(e) the revised projections, prepared by the company, are under examination of the Operating Agency, namely, the Industrial Investment Bank of India, Calcutta (formerly Industrial reconstruction Bank of India (IRBI).

Policy relating to production and import of fertilizers

1110. DR. ALLADI P. RAJKUMAR: Will the Minister of CHEMICALS AND FERTILIZERS be pleased to state:

(a) the policy framework governing the production, movement and import of fertilizers; and

(b) by when the new fertilizer pricing policy will be announced keeping in view the affordability by the farmers and also fair returns for the industry?

THE MINISTER OF CHEMICALS AND FERTILIZERS (SHRI M. ARUNACHALAM): (a) It has been the policy of the Government to achieve the maximum possible degree of self-sufficiency in the production of Nitrogenous fertilizers based on utilization of indigenous feedstocks. In the case of Phosphatic fertilizers, the country is heavily dependent on imports in the form of raw-materials, intermediates or finished products, given the paucity of domestic raw-materials. The entire requirement of potassic fertilizers is met by imports, as there are no known commercially exploitable reserves of potash in the country.

At present, urea is the only fertilizers under distribution and movement controls under the framework of the Essential Commodities Act (ECA), 1955. The distribution and movement of urea are regulated in accordance with the ECA allocations made for each crop season. The gap between the demand and indigenous availability of urea is met through imports.

The distribution and import of decontrolled fertilizers are governed by the market forces of demand and supply. The Government has introduced a scheme of special concession on decontrolled phosphatic and potassic fertilizers with a view to reducing their farm gate prices and encouraging their consumption.

(b) A High Powered Fertilizer Pricing Policy Review Committee has been constituted to review the existing system of subsidization of urea and suggest an alternative, broad based, scientific and transparent methodology. A decision on the future fertilizer pricing policy would be taken on receipt of the Report of the High Powered Committee.